

FISCAL NOTE

SB 3026 - HB 2895

February 13, 1998

SUMMARY OF BILL: Requires the state to pay municipalities directly for state shared taxes and state collected local revenue which by law are allocated to the municipality. Current practice is for the Department of Revenue to distribute such funds to county trustees, who are authorized to retain 1% of such funds for administrative purposes and then distribute the remainder to the county and to the municipalities within the county.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$40,700 Recurring
- \$247,600 One-Time

Assumes an increase in first year expenditures in the Department of Revenue of \$288,300, of which \$40,700 will be recurring costs and \$247,600 will be one-time. These expenditures are for one position and associated expenditures, as well as computer system programming costs for the administration of this bill. The department currently disburses funds to 95 counties; the provisions of this bill would require disbursement to over 300 municipalities, many school districts, and all 95 counties.

Also assumes no net fiscal impact to local governments, although counties will experience a significant decrease in revenues, and municipalities will experience a corresponding increase in revenues. For informational purposes, the Department of Revenue distributed \$1,224,785,100 in local option sales tax to counties in FY97 for distribution to all local governments. If counties did not retain 1%, they would lose \$12,247,800. Municipalities would gain this amount.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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